

ARIZONA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

Overview

Arizona has several forms of rebates and incentives available for the purchase and use of alternative fuel vehicles (AFVs) including an income tax reduction, vehicle license tax reductions, and fuel tax reductions.

Highlights

\$ \$1,000 tax credit for the purchase or conversion of an AFV in 1996, \$500 in 1997, and \$250 in 1998.

\$ \$1,000 grant for refueling stations - - can be used for installing a residential electric vehicle (EV) recharging appliance.

OR

\$ Income tax subtractions for 25% of the purchase or conversion cost of AFVs - may be taken instead of the tax credit and grant listed above.

State Incentives

\$ House Bill (HB) 2575 allows an individual or business to take a credit from income tax for each AFV converted or purchased. The credit may be carried forward for 5 years. The credit allowed is \$1,000 in 1994-1996, \$500 in 1997, and \$250 in 1998.

\$ Arizona offers a grant of \$1,000 for installing AFV refueling stations. This grant may be used to install a residential recharging site. Grants of up to \$100,000 are available for construction of public AFV refueling stations.

\$ HB 2095 allows businesses and individuals to subtract from gross income, 25% of the purchase or conversion cost of AFVs. Businesses may subtract up to \$5,000 for the purchase of a new vehicle, and up to \$3,000 for the conversion of a vehicle. Individuals may subtract up to \$10,000 for the purchase of a new vehicle, and up to \$5,000 for the conversion of a vehicle. The subtraction must be taken in thirds over a 3-year period. **These income tax subtractions are in lieu of a grant or tax credit.**

HB 2433 reduces the annual vehicle license tax on an AFV from 60% of the assessed value to 1%. The vehicle is taxed \$4 for every \$100 in assessed value. There is a minimum assessment of \$5.

For more information on these programs, contact Bill Biesemeyer, Department of Commerce Energy Office at (602) 280-1430.

Utility/Private Incentives

Arizona Public Service is installing EV charging stations throughout the Metropolitan Phoenix Area, and providing free electricity to these stations for the first year. For more information contact David Bentler at (602) 250-3613.

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Laws & Regulations

Senate Bill (SB) 1002 (1996) sets aside a portion of state lottery earnings for a local transportation assistance fund and establishes grants for purchasing and converting to AFVs for public entities.

HB 2575 authorizes \$2 million for the alternative fuel delivery system and filling station development fund. The bill allows individuals to apply to the Department of Commerce for a grant of up to \$1,000 for the purchase and installation of alternative fuel systems that are to be installed on the individual's property.

EVs are exempt from the vehicle emissions test and fee.

The registration fees for AFVs are reduced through 1998.

Special license plates are required for AFVs beginning April 1997. AFVs with the special license plate are allowed to utilize high occupancy vehicle (HOV) lanes.

HB 2575 also provides grants of up to \$100,000 to private sector entities to build alternative fuel stations that are accessible to the public.

HB 2575 also allows school districts to use savings that result from the use of alternative fuels to purchase or convert vehicles to alternative fuels or pay for fueling facilities.

SB 2001 allocated \$2.9 million to be distributed to school districts to pay for the conversion of buses and vehicles to alternative fuels or to pay for the incremental cost of an AFV over a gasoline or diesel vehicle.

HB 2095 also allows individuals to subtract up to \$5,000 from gross income, the costs of refueling equipment installed on the taxpayer's property. The subtraction must be taken in thirds over a 3-year period.

Points of Contact

Future Clean Cities

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State Energy Office

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Arizona State Transportation Contact

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U.S. Department of Energy

Regional Support Office

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U.S. Department of Transportation Contacts

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